



## DEPARTMENT OF THE INTERIOR INFORMATION SERVICE

### FISH AND WILDLIFE SERVICE

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#### PRODUCTION COSTS IN CANADIAN AND NEW ENGLAND GROUND FISH INDUSTRY STUDIED

A study designed to identify and evaluate factors involved in the competitive position of the New England groundfish industry and its chief competitor, the Canadian groundfish industry, has been completed and is now being reviewed at the Department of the Interior.

The study was made by Boston College under a contract with the Bureau of Commercial Fisheries, Fish and Wildlife Service. The study was motivated by the fact that in 1939 domestic producers supplied 91 percent of the United States market for groundfish fillets but in 1959 supplied only 33 percent of that market. Various biological and economic factors, including production costs, are considered as reasons for this change.

The report covers only the groundfish industry. Cod, haddock, hake, pollock, cusk and ocean perch were the specific species covered. Other segments of the New England fisheries--the Maine lobster and sardine, the scallop and the industrial fish industry producing fish meal, solubles, oil and other byproducts--are not included.

Emphasis has been given to costs and earnings in fishing for groundfish. In addition to the cost analysis, organizational structure of the respective industries, labor market conditions, the role of government and other factors were considered. The study also reviews some of the economic principles involved in the catching operations of the domestic industry, including the principles involved in maximizing gross income from a fluctuating resource such as is involved in this industry.

Suggestions are given concerning a more rational approach to the fish catching operations of the domestic industry. In the report Boston College suggested diversifications in the catch objectives as a partial answer to the fishermen's problem. "It would lessen the danger of dependence on one species of fish", the report points out. "Whether and how this diversification could be accomplished will depend on a number of biological and economic factors", the authors say.

The New England groundfish industry has been beset with difficult problems. A substantial portion of these problems relate to the vessel operation stage. Partially because of the difficulties of this other group, the Fishery Loan Fund, operated by the Department, was established in 1956. Loans made to vessel operators in this industry have, to some extent, helped to ease their economic difficulties. In 1960 a fishing vessel construction differential subsidy was authorized by the Congress for a period of three years. This program is now being implemented. The Department is authorized to pay up to one-third of the cost of constructing a fishing vessel in the New England groundfish industry. Various kinds of research programs have also been initiated in attempts to improve fishing conditions and reduce costs of production. However, these programs are concerned with difficult problems, and solutions are not quickly and easily obtained.

Bureau economists are now reviewing and evaluating the report. The Bureau expects to publish the report during the spring of 1961. The study was financed by funds made available under the Saltonstall-Kennedy Act. These funds are derived from duties assessed against imports on fishery products.

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